

REPORT OF THE FINANCE LABOR SUBCOMMITTEE

March 13, 2007, Reconvened March 28, 2007

The Honorable,
The Board of Commissioners of Cook County

ATTENDANCE

Present: Chairman Murphy, Vice Chairman Moreno, Commissioners Beavers, Butler, Gorman, Maldonado and Sims (7)

Absent: None (0)

Ladies and Gentlemen:

Your Finance Labor Subcommittee of the Board of Commissioners of Cook County met pursuant to notice on Tuesday, March 13, 2007 at the hour of 11:00 A.M. and Reconvened on March 28, 2007 at 12:00 P.M. in the Board Room, Room 569, County Building, 118 North Clark Street, Chicago, Illinois.

Your Subcommittee has considered the following item and, upon adoption of this report, the recommendations are as follows:

285079 AN AMENDMENT TO THE COOK COUNTY CODE, SECTION 34-123 LIVING WAGE (PROPOSED ORDINANCE AMENDMENT). Submitting Proposed Ordinance Amendment sponsored by Roberto Maldonado, County Commissioner.

PROPOSED ORDINANCE AMENDMENT

BE IT ORDAINED, by the Cook County Board of Commissioners that Chapter 34, Section 34-123 is hereby amended as follows:

Sec. 34-123. Living wage.

(a) Unless expressly waived by the County Board, not less than Aa living wage ~~for services performed or produced shall be paid to lowest wage individuals employed by a each employee of any person or business entity awarded a contract or subcontract with the County or by a for-profit person or business entity of organization which has an owner-occupied property who that receives or renews a Class 6b or Class 9 property tax incentive, except in applications or renewals of Class 9 property incentives for supportive living facilities as certified by the State Department of Public Aid, pursuant to Chapter 74, Article II, Division 2 of this Code, the County Real Property Assessment Classification Ordinance.~~

(b) The following words, terms and phrases, when used in this section, shall have the meanings ascribed to them in this subsection, except where the context clearly indicates a different meaning:

Contract means any written agreement requiring Board approval whereby the County is committed to expend or does expend funds in connection with any contract or subcontract which requires in the performance thereof the employment of any number of full time non-county employees, including, but not limited to, the following classifications: cashier, clerical, custodial, day laborer, elevator operator, home and health care, laundry, leased employee, parking attendant, and security guard. The term "contract" shall not include contracts with not-for-profit organizations, community development block grants, President's Office of Employment Training, Sheriff's Work Alternative Program, or Department of Corrections inmates.

Contracting agency means the County of Cook.

Eligible contractors means any person or business entity awarded a contract or subcontract by the County which requires in the performance thereof the employment of any number of full time non-county employees, including, but not limited to, the following classifications: cashier, clerical, custodial, day laborer, elevator operator, home and health care, laundry, leased employee, parking attendant, and security guard.

Employee means any individual permitted to work by an employer in an occupation but does not include any employer's parent, spouse or child or other members of his immediate family. This definition of employee may be further defined by the Bureau of Human Resources.

Living wage means a ~~minimum~~ wage of no less than \$9.43 per hour if employee health benefits are provided, or \$11.78 per hour without health benefits. The employee health benefit contribution shall not exceed 25 percent of the health insurance premium. As of January 1, 2006, and each January 1 thereafter, the living wage shall be adjusted, using the most recent federal poverty guidelines for a family of four as published annually by the United States Department of Health and Human Services, to constitute the following: there will be an annual adjustment calculated as 100 percent of the federal poverty line for a family of four (as defined by the U.S. Department of Health and Human Services) with health benefits and 125 percent of the federal poverty line for a family of four without health benefits.

Not-for profit organization means any person, corporation, or business entity except those having tax exempt status under Section 501(C)(3) of the United States Internal Revenue Code and recognized under State not-for-profit law, or their respective successors.

Property tax incentive means a reduction in the assessment level as set forth in Chapter 74, Article II, Division 2 of this Code for Class 6b industrial property or Class 9 multifamily residential property.

Supportive living facilities mean programs which establish an alternative to nursing home care for low income older persons and persons with disabilities under Medicaid and certified by the State Department of Public Aid.

Wage means compensation due to an employee by reason of his employment, including allowances determined by the Bureau of Human Resources for gratuities, and when furnished by the employer, for meals and lodging actually used by the employee.

(c) Every contract shall contain a provision or provisions stipulating that they are currently paying the living wage required to be paid to the employees ~~listed under~~ listed under the definition of living wage set forth in this section and each such contract shall further contain provisions obligating the eligible contractor or subcontractor of such eligible contractor, to pay its employees for work at not less than the living wage.

(d) Every for-profit ~~person or business entity of~~ organization which has an owner-occupied property ~~who that~~ receives or renews a Class 6b or Class 9 property tax incentive, except as exempted herein for ~~state-certified~~ supportive living facilities, shall provide an affidavit to the applicable County agency stipulating that such person or business entity is currently paying the living wage required to be paid to the employees listed under the definition of living wage set forth in this section.

(e) The Purchasing Agent shall require as part of the bidding and sole source procedure that any covered contractor provide the County certification of its compliance with this section.

(f) Any contract that violates the provisions contained in this section shall be subject to cancellation by the County Board. Any Class 6b or Class 9 property tax incentive that violated the provisions contained in this Section shall be subject to cancellation by the County Board.

(g) Any contractor disqualified from eligibility by the County Board shall be ineligible for two years following violation of this section. With respect to any Class 6b or Class 9 property tax incentive, any for profit organization found to have violated the provisions of this Section by the County Board shall be ineligible for any Class 6b or Class 9 property incentive for a period of two years from the date of the County Board's determination.

(h) Annually, the County Assessor's Office shall review and analyze the property tax incentives program to determine whether the living wage program has resulted in less application for and utilization of the incentive classification. A report of this review shall be provided by the County Board.

(i) This section shall apply to contracts advertised for bid or if not advertised for bid, approved for sole source or to for-profit persons or business entities of owner-occupied properties who receive a Class 6b or Class 9 property tax incentive on or after January 1, 2005.

(j) This section shall not apply to any applications or renewal of a Class 9 tax incentive, as provided under Chapter 74, Article II, Division 2 of this Code, for supportive living facilities certified by the State Department of Public Aid.

(k) This section shall not apply to any contract with the County entered into prior to the effective date of the ordinance from which this Section is derived.

(Ord. No. 98-O-21, §§ 1, 2, 9-15-1998; Ord. No. 05-O-02, §§ 1, 2, 12-1-2004; Ord. No. 05-O-42, §§ 1, 2, 9-20-2005.)

***Referred to the Finance Labor Subcommittee on February 21, 2007.**

**PROPOSED AMENDMENTS
TO THE COOK COUNTY LIVING WAGE ORDINANCE**

Sponsored by

**The Honorable Roberto Maldonado, Joan Patricia Murphy,
and Deborah Sims
Cook County Commissioners**

BE IT ORDAINED, by the Cook County Board of Commissioners that Chapter 34, Section 34-123 is hereby amended as follows:

Sec. 34-123. Living wage.

~~(a) Unless expressly waived by the County Board, not less than A-a living wage for services performed or produced shall be paid to lowest wage individuals employed by a person or business entity awarded a contract or subcontract with the County or by a for profit person or business entity of an owner-occupied property who receives or renews a Class 6b, or Class 9 property tax incentive, except in applications or renewals of Class 9 property incentives for supportive living facilities as certified by the State Department of Public Aid, pursuant to Chapter 74, Article II, Division 2 of this Code, the County Real Property Assessment Classification Ordinance each employee of any employer that is awarded either (1) a contract or subcontract with the County, or (2) a property tax incentive for owner-occupied property.~~

(b) The following words, terms and phrases, when used in this section, shall have the meanings ascribed to them in this subsection, except where the context clearly indicates a different meaning:

Assessor means the Assessor of Cook County.

Board means the Board of Commissioners of Cook County.

Chief Financial Officer or "CFO" means the Chief Financial Officer of Cook County.

Commission means the Cook County Commission on Human Rights.

Contract means any written agreement ~~requiring Board approval~~ whereby the County is committed to expend or does expend funds in connection with any contract or subcontract which requires in the performance thereof the employment of any number of full-time non-county employees, including, but not limited to, the following classifications: cashier, clerical, custodial, day laborer, elevator operator, home and health care, laundry, leased employee, parking attendant, and security guard. The term "contract" shall not include contracts with not-for-profit organizations, community development block grants, President's Office of Employment Training, Sheriff's Work Alternative Program, or Department of Correction inmates.

~~Contracting agency means the County of Cook.~~

~~Eligible contractors means any person or business entity awarded a contract or subcontract by the County which requires in the performance thereof the employment of any number of full time non-county employees, including, but not limited to, the following classifications: cashier, clerical, custodial, day laborer, elevator operator, home and health care, laundry, leased employee, parking attendant, and security guard.~~

Employee means any individual permitted to work on a full-time basis by an employer in an occupation pursuant either to work performed under a specific county contract or to work performed on the specific property for which the employer receives a property tax incentive. The term "employee" does not include an individual who is the employer's parent, spouse or child or other members of the employer's immediate family. This definition of employee may be further defined by the Cook County Bureau of Human Resources.

Employer means any person or business entity that employs one or more full-time employees, excluding the parent, spouse, child or other members of the employer's immediate family. Employer does not include not-for-profit organizations.

Living wage means a minimum wage of no less than \$9.43 per hour if employee health benefits are provided, or \$11.78 per hour without health benefits. The employee health benefit contribution shall not exceed 25 percent of the health insurance premium. As of January 1, 2006, and each January 1 thereafter, the CFO shall adjust the living wage shall be adjusted, using the most recent federal poverty guidelines for a family of four as published annually by the United States Department of Health and Human Services, to constitute the following: there will be an annual adjustment calculated as 100 percent of the federal poverty line for a family of four (as defined by the U.S. Department of Health and Human Services) with health benefits and 125 percent of the federal poverty line for a family of four without health benefits.

Not-for-profit organization means a corporation having tax exempt status under Section 501(C)(3) of the United States Internal Revenue Code and recognized under State not-for-profit law.

Property tax incentive means a reduction in the assessment level as set forth in Chapter 74, Article II, Division 2 of this Code for owner-occupied Class 6b industrial property, Class 8 industrial property, or Class 9 multifamily residential property. For the purpose of this Ordinance, "property tax incentive" shall not include a Class 9 designation granted to supportive living facilities, which establish an alternative to nursing home care for low income older persons and persons with disabilities under Medicaid and which are certified by the State Department of Public Aid pursuant to Chapter 74, Article II, Division 2 of this Code, the County Real Property Assessment Classification Ordinance.

Purchasing Agent means the Purchasing Agent of Cook County.

~~Supportive living facilities mean programs which establish an alternative to nursing home care for low income older persons and persons with disabilities under Medicaid and certified by the State Department of Public Aid.~~

Wage means compensation due to an employee by reason of his employment, including allowances for gratuities and for meals and lodging that are furnished by the employer and actually used by the employee. This definition of wage may be further defined by the Cook County Bureau of Human Resources.

- (c) Every contract shall contain a provision or provisions stipulating that they are currently paying the living wage required to be paid to the employees listed under the definition of living wage set forth in this section and each such contract shall further contain provisions obligating the eligible contractor, or subcontractor of such eligible contractor, to pay its employees for work at not less than the living wage. the contractor and all subcontractors are currently paying their employees a living wage and obligating the contractor and all subcontractors to pay their employees not less than the living wage throughout the duration of the contract.
- (d) Every for-profit person or business entity of an owner-occupied property who receives or renews a Class 6b or Class 9 property tax incentive, except as exempted herein for state certified supportive living facilities, shall provide an affidavit to the applicable County agency stipulating that such person or business entity is currently paying the living wage required to be paid to the employees listed under the definition of living wage set forth in this section. Every employer that receives or renews a property tax incentive shall provide an affidavit to the Assessor stipulating that such employer is currently paying the living wage to its employees as required by this Ordinance.
- (e) The Purchasing Agent shall require as part of the bidding and sole source procedure that any covered contractor provide the County certification of its compliance with this section.
- (f) Any contract that violates the provisions contained in this section shall be subject to cancellation by the County Board.
- (g) Any contractor disqualified from eligibility by the County Board shall be ineligible for two years following violation of this section. The CFO shall annually notify all employers required to pay the living wage of the annual living wage adjustment. Within 30 days of said notification, such employers shall submit an affidavit to the CFO stating that (1) they paid the living wage during the previous calendar year, and that (2) they are currently paying the living wage as adjusted by the CFO. If an employer fails to timely submit such an affidavit, the CFO shall (1) notify the Assessor to revoke any property tax incentive the employer may have received, or (2) notify the Purchasing Agent to cancel, subject to Board approval, any contract the employer may have with Cook County.
- (h) Annually, the County Assessor's Office shall review and analyze the property tax incentives program to determine whether the living wage program has resulted in less application for and utilization of the incentive classification. A report of this review shall be provided by the County Board. The Assessor shall provide annual written notification to the CFO of all employers receiving property tax incentives including the employer's name, mailing, and email address.

- (i) This section shall apply to contracts advertised for bid or if not advertised for bid, approved for sole source or to for profit persons or business entities of owner occupied properties who receive a Class 6b or Class 9 property tax incentive on or after January 1, 2005. Every employer shall notify its employees of the living wage requirement at the time of hire and shall notify all of its employees annually of the adjustment to the living wage. If any employee contends that his employer is not paying a living wage as required by this Ordinance, that employee may file a complaint with the Commission. The Commission shall issue rules and regulations necessary to implement its investigatory powers. If at the conclusion of the Commission's investigation, the Commission finds that the employer is not paying a living wage as required by this Ordinance, it shall (1) notify the Assessor to revoke any property tax incentive the employer may have received, or (2) notify the Purchasing Agent to cancel, subject to Board approval, any contract the employer may have with Cook County.
- (j) This section shall not apply to any applications or renewal of a Class 9 tax incentive, as provided under Chapter 74, Article II, Division 2 of this Code, for supportive living facilities certified by the State Department of Public Aid. At such time any disqualified employer achieves compliance with the living wage as required by this Ordinance, the employer may notify the CFO. The CFO shall notify the Assessor or the Purchasing Agent that the employer is eligible for reinstatement of either the property tax incentive or a contract, subject to Board approval.
- (k) This section shall not apply to any contract with the County entered into prior to the effective date of the ordinance from which this section is derived. If any one or more of the provisions of this Ordinance is declared unconstitutional or the application thereof is held invalid, the validity of the remainder of this Ordinance and the application of such provisions to other persons and circumstances shall not be affected thereby.
- (l) This Ordinance shall take effect and be in force upon enactment.

Chairman Murphy opened the meeting. The Secretary took attendance. No action was taken on Item Number 285079. Chairman Murphy recessed the meeting.

Chairman Murphy reconvened the meeting on March 28, 2007 at 11:00 a.m. She called on Commissioner Maldonado to speak on behalf of the Substitute Amendments to Item Number 285079.

Commissioner Maldonado noted that the Substitute Amendments are the result of his consultation with the State's Attorney's Office, the Assessor's Office and the Chief Financial Officer.

Commissioner Maldonado, seconded by Commissioner Beavers, moved the approval of the Substitute Amendments. The motion carried.

Commissioner Maldonado provided the following clarification with regard to the Substitute Amendments: He stated that the Substitute Amendments provide the means to enforce the Living Wage Ordinance. He touched on the main points of the Substitute Amendments: Owner-occupied, industrial properties (Class 8 properties) are now included in the Living Wage Ordinance. The Chief Financial Officer makes the annual adjustment to the living wage, and notifies the employers of this or any other change to the living wage. Employers must notify current and prospective employees of the living wage. Employees can file formal complaints against their employers through the Cook County Commission on Human Rights, if a living wage is being withheld. Any company out of compliance with the Living Wage Ordinance will lose their tax exemptions and/or their contract with the County.

Commissioner Maldonado clarified that the amended Living Wage Ordinance applies to both employers who have contracts with the County and employers who receive tax exemptions from the County.

Chairman Murphy inquired whether there is a two-year waiting period before an employer who has not been in compliance can reapply for a tax exemption or contract with the County.

Commissioner Maldonado replied that, while that was originally in the Ordinance, the current version allows that once the employer comes into compliance, they can apply to be reinstated.

The Committee gave leave for Commissioner Sims to be added as a sponsor of the Substitute Amendments.

Commissioner Maldonado noted that Cook County's living wage is computed by taking the poverty threshold set by the federal government for a family of four and doubling this amount. Currently Cook County's living wage is \$9.43/hour.

Commissioner Butler inquired as to who will be enforcing the living wage.

Chairman Murphy replied that the Chief Financial Officer will require a yearly affidavit from every company attesting that they are in compliance.

Commissioner Butler inquired as to who would police this.

Chairman Murphy replied that an employee would have to file a complaint with the Cook County Human Rights Commission.

Commissioner Butler inquired whether the State's Attorney's Office had reviewed the amended item.

Commissioner Maldonado replied that the following entities, in addition to the State's Attorney's Office, have approved the amended item: Chief Financial Officer, Assessor, Assessor's Office, Purchasing Agent and the Human Rights Commission.

Commissioner Maldonado, seconded by Commissioner Beavers, moved the approval of Communication Number 285079 as amended. The motion carried.

Commissioner Maldonado moved to adjourn the meeting, seconded by Commissioner Butler. The motion carried and the meeting was adjourned.

**YOUR COMMITTEE RECOMMENDS THE FOLLOWING ACTION WITH REGARD TO THE
MATTERS NAMED HEREIN:**

Communication Number 285079

Approved as Amended

Respectfully submitted,
Finance Labor Subcommittee



Joan Patricia Murphy, Chairman

Attest:



Matthew B. DeLeon, Secretary